

This paper addresses bargaining with a nuclear option. Players with access to such an option have the power to cause enormous damage to their negotiation partners. Figurative nuclear options are available in many important real-world settings and, being the ultimate threat, are often seen as effective in putting maximal pressure on the other party and as possibly efficiency-improving. On the other hand, since going nuclear is typically also very costly to the nuclear-option holder herself, the credibility of a nuclear threat may be questionable. We report the results from unstructured one-shot bargaining experiments and examine to what extent a nuclear option increases bargaining power, makes agreements more likely, and affects efficiency. We find that nuclear-option holders do not generally benefit while the other party is worse off compared to a baseline setting, particularly when the other party is intrinsically---i.e., save for the nuclear threat itself---in a strong position. Furthermore, the nuclear option increases the number of negotiations that end in agreements that are not efficiency-improving. Thus, the presence of a nuclear option in our bargaining setting is overall detrimental.